

REMARKS

Claims 1 to 22 are pending this application of which claims 1, 11 and 17 are the independent claims.

The examiner rejected Claims 1 to 16 under 35 U.S.C. § 103(a) over "Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendment No. 1 to the Proposed Rule Change by National Association of Securities Dealers, Inc. Relating to Locked and Crossed markets that Occur at or Prior to the Market's Open" in the June 10, 1999 Federal Register (Vol. 64 No. 111) ("the Federal Register") in view of Biasis et al. Applicants respectfully traverse this rejection. Claim 17 was only amended to correct a spelling error.

Applicants contend that the Federal Register neither describes nor suggests formatting the quote as a marketable limit order and routing the order to a market participant whose quote was locked or crossed, as recited in claim 1. To the contrary, the Federal Register describes sending a Trade-or-Move Message if the market is locked or crossed. A Trade-or-Move message either results in a trade in full (i.e., for the full quote size of the crossing or locking quote) with the market maker whose quotes is locked or crossed, or requires that the market maker whose quote is locked or crossed move the quote out of the way (i.e., move the price either up if an offer or down if a bid by 1 quotation increment). Neither of these events, i.e., trading in full or moving the quote suggest to "formatting the quote as a marketable limit order and routing the formatted order to a market participant whose quote was locked or crossed."

What the Federal Register does teach is that the party that locks or crosses the market must send a message via SelectNet (a negotiation system) that will notify the other parties to the lock/cross to either "Trade in full or Move their quote.

The examiner cites Biasis as disclosing the step of formatting quotes as limit orders. Biasis has no such teaching. Biasis states:

Market orders for a larger amount than the depth available at the quotes are not fully executed. Rather they are partially executed at the best price in the book, while the remainder of the order is converted into a limit order at that price. (Biasis, page 2, second full paragraph)

Biasis discloses converting market orders that exceed the depth available for quotes. In Baisis, the depth available for quotes is a trigger point for the limiting the amount market orders to convert to fully executed orders and the market orders beyond the trigger point are converted to limit orders. Therefore, Biasis recognizes a distinction between quotes, orders and limit orders. Therefore, nowhere has Biasis disclosed or suggested converting a quote to a market limit order. Thus, in no sense does Biasis suggest: "formatting the quote as a marketable limit order and routing the formatted order to a market participant whose quote was locked or crossed"

Claims 2-10 contain additional distinguishing limitations. For instance Claim 3 further limits the action of routing to routing the formatted order to the market participant next in time whose quote would be locked if the quote is entered in the system. This is not suggested in the references.

Claim 8, which depends on claim 7 further distinguishes by reciting that if the order was not filled ... reformatting the order as a displayable quote on the side of the market of the order. Claim 9 recites formatting ... formats the quote as a marketable limit order that is entered into the execution system as the marketable liability order.

Independent Claim 11 distinguishes over the references by reciting ... a quote formatter that receives a quote ... and reformats the quote as a marketable limit order and a routing process that routes the formatted quote as a marketable limit order to a market participant whose quote was locked or crossed.

Claims 12 and 13 further distinguish by reciting that the routing process routes the formatted order to the market participant next in time ... Claim 16 distinguishes by reciting if the reformatted order was not filled, the determining process, reformats the order as a displayable quote on the side of the market of the order.

Claims 17-22 are also distinct from the references. Claims 17-22 are directed to a computer program product implementation of the invention and recite instructions to determine that a quote if entered, would lock or cross other quotes in the market and format the quote as a marketable liability order and route the order to a market participant whose quote was locked or crossed for execution in time priority.

Applicant : Stuart Serkin et al.
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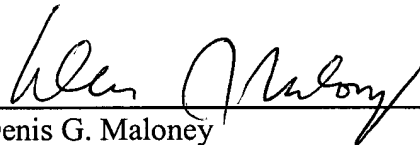
In view of the foregoing amendments and remarks, the entire application is believed to be in condition for allowance and such action is respectfully requested at the Examiner's earliest convenience.

All correspondence should be directed to the undersigned at the address shown below. Applicants' undersigned attorney can be reached by telephone at the number shown below.

Enclosed is a \$420 check for the Two-Month Petition for Extension of Time fee. No other fee is believed to be due; however, if any fee is due, please apply any other charges to deposit account 06-1050 referencing Attorney Docket Number 09857-031001.

Respectfully submitted,

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